



Financial Literacy throughout the Life Cycle

A Mini-Conference of the 2005 White House Conference on Aging
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Breakout Group Three – Building a Financially Safe Society

What Can Be Done to Help Americans Avoid Financial Fraud and Exploitation as They Age?

The White House Conference on Aging Should Support Policies That:

Create and implement a national campaign that works cooperatively with state and local governments, media, nonprofit organizations, and the private sector to educate Americans about how to identify and avoid financial fraud and exploitation. Financial fraud by those unknown to the victim is widespread and a serious problem. Also, financial exploitation at the hands of those close to and trusted by a vulnerable elder is a largely hidden crime that is difficult for the general public to comprehend, recognize, and report. A national campaign should exist to combat this crisis similar to those that have been employed to reduce property crime, stop forest fires, and encourage seat belt use.

Encourage one federal government agency to establish a system to notify and educate the media channels on “financial scams” at the national level. Recent media stories generated massive media reports on the importance of obtaining a living trust. However, there is little coverage of the egregious “living trust mill” scams targeting older Americans. No federal agency is tracking national media consumer reports, and notifying the public of the “financial scam” surrounding this specific topic.

Mandate one federal agency collect, analyze, and report on financial fraud and exploitation data collected from local, state, and federal sources. Currently, no standardized national reporting system exists to measure the incidence and/or prevalence of domestic financial exploitation of elders. Various reports and studies have attempted to quantify the incidence and prevalence of financial exploitation, but have suffered from methodological challenges, including non-uniform definitions of financial exploitation across state jurisdictions. Without reliable and accurate national data on financial exploitation, well-informed research into financial exploitation is virtually impossible. Comprehensive data collection will enhance and inform research efforts seeking to address knowledge deficits in the field of elder financial crime. One federal government agency should assist states in developing data collection systems that provide consistent and compatible national information on the extent and impact of financial exploitation of elders. The public and private sectors should collaborate to support information collection and research activities.

Support federal efforts to aggressively combat cross-border fraud. Currently, federal law imposes certain limits on information sharing between law enforcement entities in different countries. While there are good reasons for ensuring the confidentiality of certain information, these protections may in some cases hinder cross-border fraud prosecutions.

Attack Internet fraud and identity theft in all its forms. Person over the age of 65 are the fastest growing on-line population. Identity theft is also increasingly affecting this population since older Americans make very lucrative financial targets. Special emphasis should be placed on ensuring the security of personal information belonging to elders and all age groups. Existing federal efforts to combat Internet fraud and identity theft should be rigorously supported and enforced.

Support and encourage the creation of state and local elder fraud task forces nationwide. The federal government has already established task forces in several jurisdictions through local U.S. Attorney's Offices which address telemarketing fraud, securities and investment fraud, and other federal financial crimes. Successful task force models should be shared with all U.S. Attorney's offices nationwide. The participation of local bank officials, securities administrators, consumer protection offices of attorneys general, local law enforcement, and adult protective services agencies should be encouraged in all jurisdictions to help shape policy in combating financial fraud and exploitation.

Support the creation of multidisciplinary teams (MDTs) at the state and local level involving an array of public and private participants. It is a tremendous challenge to respond to elder victims of financial fraud and exploitation due to the substantive complexity of the cases, the relationships between the victims and the perpetrators, issues dealing with diminished capacity, privacy, and other factors. Hence, in order to effectively and successfully resolve these cases, a variety of professional perspectives and expertise (social, medical, legal, financial, etc.) must be deployed in a focused and collaborative manner. A new trend among MDTs is the emergence of financial abuse specialist teams (FASTs) which focus on fiduciary abuses, confidence crimes, identity theft, investment scams, telemarketing fraud, "sweetheart scams," and homicides for profit. Team members include private financial sector experts and law enforcement officials skilled in fighting financial crime.

Provide multidisciplinary training on financial exploitation to judges, court personnel, prosecutors, law enforcement officials, victims' advocates, and adult protective service workers to ensure they are highly skilled in collaborative approaches to preventing, identifying, investigating, and prosecuting cases of elder financial exploitation. Often, professionals involved in serving the same elder clients in cases of financial exploitation do not fully understand the laws, duties, responsibilities, and jurisdictional parameters of their professional counterparts in other disciplines. This situation complicates the ability of professionals to coordinate and collaborate on complex cases of financial crime. Only focused and ongoing training on financial exploitation can overcome this deficit of knowledge and understanding. In addition, cross-disciplinary training should be encouraged in which an array of social, legal, financial, and law enforcement professionals train together in one setting on multiple issues related to financial crime.

Support the creation and full ongoing implementation of bank reporting projects at the state level. Since bank employees administer the accounts, trusts, and other financial assets of vulnerable adults, they are in a unique position to have early knowledge of financial abuses. Existing bank reporting projects in a handful of states remain key examples of successful private/public partnerships in combating financial crime.

Encourage law enforcement to take a more aggressive role in identifying and prosecuting cases of elder financial abuse. Law enforcement often encounters difficulties in investigating and pursuing prosecution of the perpetrators of financial exploitation. For example, a cognitively impaired victim may not remember details or recall important sequences of events important to build a good case. Police officers may not be adequately trained in the necessary interviewing skills when dealing with an elder victim with diminished capacity. Given that complicated cases of financial exploitation may take years to reach trial, a victim's cognitive or physical health may decline to the point that he or she is unable to testify. With these challenges facing prosecutors who must prove cases beyond a reasonable doubt, the national prosecution rate of financial crimes against elders remains extremely low.

Local law enforcement agencies should create special "Elder Financial Crime Units" within offices and include the participation of FAST teams to resolve complex cases. In addition, the continued state efforts to aid the prosecution of elder financial crimes, recover and preserve assets, and create enhanced penalties to promote deterrence should be encouraged.

Encourage enhanced oversight of surrogate decision makers like guardians/conservators and holders of durable powers of attorney. Without adequate oversight, some surrogate decision makers appointed by the courts (or selected by elders) to protect vulnerable elders may misuse their powers. Courts need the assistance of forensic accountants and other staff support so that guardians' and conservators' records are closely scrutinized and any irregularities reported immediately.

Create local "Fraud Victim Support Centers" to specifically assist financial fraud victims with their recovery process. The program must operate at the grass-roots level, and can be modeled across the country as local pilot projects with the use of volunteers. Victims of financial exploitation are, more often than not, re-victimized unless there is effective intervention. No local programs exist in the nation for victims to access.

Encourage employers to include financial fraud and exploitation prevention in financial and retirement planning education programs. Employers often provide financial information for employees including retirement savings, insurance products, and banking services. This is an ideal opportunity to teach anti-fraud concepts as people are in a "teachable" moment. As well, the anti-fraud education could be specific about the product and services being offered to the employee.

Include financial fraud and exploitation prevention messages in senior healthy living initiatives and messages. Seniors are provided with an array of information and education about how to maintain active, healthy, and engaged lives. The effort to help people maintain these lifestyles cannot be made in the absence of consideration of how money will play into all these decisions. People will need proper finances to secure access to health care, maintain a proper diet, find suitable housing, and engage in healthy and enjoyable activities.